MSA Inv

PM USA

1998 PM-USA Third Revised Forecast
With October Res

INDUSTRY	1997	1998 2RF	1998 3RF	3RF Diff vs 97
Volume	482.9	445.0	450.5	-32.4
Takeaway % Chg vs LY	-1.3%	-5.3%	-4.2%	-4.2%
Discount Share	27.6%	27.3%	27.3%	-0.3%

PM-USA

Volume				
Total	235.2	222.3	225.0	-10.2
Premium	201.4	191.6	193.9	-7.5
Discount	33.8	30.7	31.1	-2.7
Share				
Total	48.7%	49.9%	49.9%	1.2%
Premium SOC	57.6%	59.2%	59.2%	1.6%
Discount SOC	25.3%	25.3%	25.3%	0.0%
Inventory Change	3,852	-3,094	-3,094	-6,946

Source: Shipments

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PM USA

1998 3RF Third Quarter Company Performance
With October Res

	VOLUME			SHARE		
	1997	1998 3RF	%Chg	1997	1998 3RF	Diff
PM-USA	62.8	60.9	-3.0%	48.9%	50.3%	1.4pp
RJR	31.0	28.8	-7.2%	24.1%	23.8%	-0.3pp
B&W	20.4	18.1	-11.5%	15.9%	14.9%	-1.0pp
LORILLARD	11.3	10.8	-3.7%	8.8%	8.9%	0.1pp
LIGGETT	1.7	1.2	-29.1%	1.2%	1.0%	-0.2pp
MISC	1.3	1.3	-1.8%	1.1%	1.1%	0.0pp
TOTAL	128.5	121.1	-5.7%			

Source: Shipments

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PM USA

1998 PM-USA Projected 3Q Unit Performance
With October Res

	1997	1998 3RF	% Chg vs 1997	Diff vs 2RF
MARLBORO	44.4	43.2	-2.7%	1.0
OPB	9.9	9.1	-8.1%	0.4
TOTAL PREMIUM	54.3	52.3	-3.6%	1.4
BASIC	6.1	6.3	2.8%	0.2
OBD	1.6	1.7	6.2%	0.0
FVB	0.8	0.6	-27.0%	0.0
TOTAL DISCOUNT	8.5	8.6	1.2%	0.2
PM-USA	62.8	60.9	-3.0%	1.6
INDUSTRY	128.5	121.1	-5.7%	3.5

(Note: 3Q shipping days equal in 1997/1998)

Source: Shipments

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1998 PM-USA Projected 3Q Share Performance
With October Res

	1997	1998 3RF	Diff vs 1997	Diff vs 2RF
MARLBORO	34.5%	35.6%	1.1pp	-0.3pp
OPB	7.7%	7.6%	-0.1pp	0.2pp
TOTAL PREMIUM	42.2%	43.2%	1.0pp	-0.1pp
BASIC	4.8%	5.2%	0.4pp	0.0pp
OBD	1.3%	1.4%	0.1pp	0.0pp
FVB	0.6%	0.5%	-0.1pp	0.0pp
TOTAL DISCOUNT	6.7%	7.1%	0.4pp	0.0pp
PM-USA	48.9%	50.3%	1.4pp	-0.1pp

Source: Shipments

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PM USA

1998 3RF Full Year Company Unit Performance
With October Res

	1997	1998 3RF	% Chg vs 1997	Diff VS 2RF
PM-USA	235.2	225.0	-4.3%	2.7
RJR	116.9	108.0	-7.6%	1.3
B&W	77.3	67.8	-12.4%	0.8
LORILLARD	41.8	40.2	-4.0%	0.5
LIGGETT	6.5	4.8	-23.9%	0.2
MISC	5.2	4.7	-9.6%	0.0
TOTAL	482.9	450.5	-6.7%	5.5

Source: Shipments

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1998 3RF Full Year Company Share Performance
With October Res

	1997	1998 3RF	Diff vs 1997	Diff vs 2RF
PM-USA	48.7%	49.9%	1.2 pp	0.0 pp
RJR	24.2%	24.0%	-0.2 pp	0.0 pp
B&W	16.0%	15.0%	-1.0 pp	0.0 pp
LORILLARD	8.7%	8.9%	0.2 pp	0.0 pp
LIGGETT	1.3%	1.2%	-0.1 pp	0.0 pp
MISC	1.1%	1.0%	-0.1 pp	0.0 pp

Source: Shipments

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1998 PM-USA 3RF Unit Performance
With October Res

	1998 3RF	Diff vs 1997	Diff vs 2RF
MARLBORO	160.1	-3.9	1.8
OPB	33.8	-3.6	0.5
TOTAL PREMIUM	193.9	-7.5	2.3
BASIC	22.6	-0.9	0.2
OBD	6.4	-0.6	0.2
FVB	2.1	-1.2	0.0
TOTAL DISCOUNT	31.1	-2.7	0.4
PM-USA	225.0	-10.2	2.7

Source: Shipments

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1998 PM-USA 3RF Share Performance
With October Res

	1998 3RF	Diff vs 1997	Diff vs 2RF
MARLBORO	35.5%	1.5pp	-0.1pp
OPB	7.5%	-0.2pp	0.1pp
TOTAL PREMIUM	43.0%	1.3pp	0.0pp
BASIC	5.0%	0.1pp	0.0pp
OBD	1.4%	0.0pp	0.0pp
FVB	0.5%	-0.2pp	0.0pp
TOTAL DISCOUNT	6.9%	-0.1pp	0.0pp
PM-USA	49.9%	1.2pp	0.0pp

Source: Shipments

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1997 PM-USA Non-Working Inventory
(units in billions)

	OB	2RF	3RF
PYE	7.4	7.4	7.4
1Q	7.5	6.8	6.8
2Q	8.8	4.8	4.8
3Q	11.1	4.2	5.6
4Q	7.4	4.3	4.3
CHG VS PY	0.0	-3.1	-3.1

Source: Shipments

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PM USA

1998 PM-USA 3RF Quarterly Unit Performance
With October Res

	1997	1998 3RF	Diff	% Chg	YTD % Chg
1Q	53.4	54.5	1.1	2.1%	2.1%
2Q	60.8	57.3	-3.5	-5.8%	-2.1%
3Q	62.8	60.9	-1.9	-3.0%	-2.4%
4Q	58.2	52.3	-5.9	-10.1%	-4.3%
FY	235.2	225.0	-10.2	-4.3%	

Source: Shipments

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1998 PM-USA 3RF Quarterly Share Performance
With October Res

	1997	1998 3RF	Diff
1Q	48.4%	50.4%	2.0pp
2Q	49.2%	48.5%	-0.7pp
3Q	48.9%	50.3%	1.4pp
4Q	48.2%	50.8%	2.6pp
FY	48.7%	49.9%	1.2pp

Source: Shipments

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